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EXAMINER
NAZARIO GONZALEZ, P

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Paper No. 21

Application Number: 08/567,564
Filing Date: December 5, 1995
Appellant(s): John Kollar

John Kollar
For Appellant

EXAMINER'S ANSWER

This is in response to appellant's brief on appeal filed June 18, 1998.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

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A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) *Summary of Invention*

The summary of invention contained in the brief is correct.

(6) *Issues*

The appellant's statement of the issues in the brief is substantially correct. The changes are as follows:

The only issue in front of the Board is whether Applicant through Redox Technologies Inc. offered for sale an ethylene glycol (EG) process, in which the claimed invention was part of, to Celanese Corporation and Arco Chemical Company (ACC) within the meaning of 35 U.S.C. § 102(b) more than a year before the critical date based on Exhibits 3 and 6, respectively.

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(7) *Grouping of Claims*

The statement of the grouping of the claims contained in the brief is correct.

(8) *Claims Appealed*

A substantially correct copy of appealed claims 1-17 appears on pages 16-19 of the Appendix to the appellant's brief. The minor errors are as follows:

Claim 1, line 1, the phrase "which comprises" should read "comprising".

Claim 2, line 3, the word "ios-butylene" should read "iso-butylene".

Claim 3, line 3, the word "tet-amylene" should read "tert-amylene".

Claim 8, line 1, the phrase "which comprises" should read "comprising".

Claim 12, line 1, the word "according" should be deleted.

Claim 13, line 1, the word "according" should be deleted.

Claim 14, line 1, the phrase "A process of Claim11" should read "The process of claim 11".

Claim 16, line 1, the word "according" should be deleted.

Claim 17, line 1, the word "according" should be deleted.

(9) *Prior Art of Record*

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

Exhibits 3 and 6 filed with Request for Interference with U.S. Pat. No. 5,371,298 under the provisions of 37 CFR § 1.607(a)-(d), Paper No. 3.

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(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-17 are rejected under 35 U.S.C. § 102(b) based upon a sale (or an offer to sale) of the invention. The disclosure agreement between Celanese Corporation and Redox (see Exhibit 3 and pages 2-22 included with Applicant's response filed September 22, 1997) shows that the instant claimed process was disclosed as part of the "Field" in which research and development (R&D) was conducted for unspecified fees (note that the amounts paid by Celanese to Redox has being blacked out) for a period of 5 years, see section 2.3 of the agreement. Second, the R&D conducted by Celanese in the "Field" was not under the supervision of the inventor, see section 2.5 of the Agreement. Further, Exhibit 4 shows that the R&D was commercial in nature. Furthermore, section 5 set forth a Commercial Phase in which any product resulting from the Field that was made and sold by Celanese must pay a royalty to Redox. Again, the Agreement (Exhibit 3) suggest that the R&D activity was not "substantially for the purposes of experiment". *Baker Oil Tools, Inc. V. Geo Vann, Inc.*, 828 F.2d 1558, 1564, 4 USPQ2d 1210. Taking this facts and Applicant's admission that the invention was reduced to practice "at least as early as 1979" (Declaration of John Kollar, Paper No. 2) clearly suggest that "commercial exploitation" was the primary purpose of the agreement rather than experimentation. Therefore, commercial exploitation of the claimed process prior to the critical date, even though the process was keep secret, constitutes a *prima facie* case of "on sale" (or offer to sale) under 35 U.S.C. § 102(b).

Claims 1-17 are rejected under 35 U.S.C. 102(b) based upon a sale (or an offer to sale) of

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the invention. Redox Technologies Inc. (Exhibit 6 filed by Applicant on April 24, 1996, agreed to disclose the "Technology", which included the claimed process, to ARCO Chemical Company (ACC) "for the purpose to evaluate the Technology to determine whether ACC desires to make an offer to Redox to acquire the Technology". This clearly constitutes an offer to sell the claimed invention to ACC prior to the critical date. Further, the John Kollar Declaration states that the invention was reduced to practice on July 27, 1979, therefore, the experimental reproduction and/or evaluation of the "Technology" by ACC alleged in page 2, item 3 of Exhibit 6, suggest that ACC intended to buy the "Technology" rather than refining it. It is clear that such experimentation was not within the meaning of the statute but rather commercial. See *TP Laboratories v. Professional Positioners, Inc. et al.*, 724 F.2d at 971, 220 USPQ 577 (Fed. Cir. 1984). Thus, commercial exploitation of the claimed process prior to the critical date, even though the process was keep secret, constitutes a *prima facie* case of "on sale" (or offer to sale) under 35 U.S.C. § 102(b).

(11) Response to Argument

At the onset, the Examiner would like to inform the Board of Applicant's potential violation of Rule 1.3 (37 CFR § 1.3) which states that Applicant must conduct business before the Patent and Trademark Office with proper decorum. Also Rule 344, of the Rules of Practice in Patent Cases, states that those appearing before the Patent and Trademark Office must conform to the standards of ethical and professional conduct. Applicant's language in the brief can hardly be said to conform to any of the above Rules. However, be that as it may,

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the Examiner will not honor the tone and language of the brief by replying with like language but will focus on the issue at hand which is the patentability of the claimed invention.

Applicant's arguments traversing the rejection of the instant claims can be summarized as follows:

- (i) Examiner's generalized errors;
- (ii) On-sale or offer to sell issue; and
- (iii) USPTO review of on-sale or offer to sell issue.

On Section (i), Applicant argues that the Examiner "uses an erroneous definition of "acquire"" which was cited on page 2 , lines 13-16 of Exhibit 6. Said citation appears below:

ACC desires to receive a disclosure of the Technology for the purpose to evaluate the Technology to determine whether ACC desires to make an offer to Redox to acquire the Technology.

Applicant further argues that the definition on the dictionary (Oxford, Webster, etc.) does not equates it with "to sell" but rather with "to buy". According to Black's Law Dictionary, "acquire" is defined, among other things, as "to obtain by search, endeavor, investment, practice, or purchase". It is clear that in order to purchase an article, the article must be on-sale or was offered for sale. Contrary to Applicant's arguments, the above citation does not mention the purchase of rights, licensing, etc. of the Technology but rather only mention the purchase of the Technology. The only possible explanation of the above citation is that ACC wanted to test the Technology before buying. However, by signing this agreement, Redox was essentially offering to sell the Technology to ACC pending the evaluation of the Technology by ACC.

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On section (ii), Applicant argues that Exhibits 3 and 6 are joint R&D (Research and Development) and licensing confidential agreements of the Technology and therefore they do not constitute an “on-sale or offer to sell” bar within the meaning of 35 U.S.C. § 102(b).

Applicant cites *Moleculon Research Corporation v. CBS, Inc.*, 793 F.2d 1261, 229 USPQ2d 805 (Fed. Cir. 1986) in support of the argument that the sale of rights in invention does not constitute a sale of the invention within the meaning of 35 U.S.C. § 102(b). Furthermore, Applicant cites *Lamari v. Lenard Toys*, 22 USPQ2d 1440 (DC EPa, 1992) as legal support for the argument that a joint development agreement does not constitute “sale” of the invention within the meaning of 35 U.S.C. § 102(b). The Examiner continues to respectfully disagree with Applicant. First, the facts in *Lamari v. Lenard Toys* are not applicable in this case. In *Lamari*, the inventor, Lonnie G. Johnson, entered into a licensing agreement with Larami in which the a prototype of the invention under his control continuously. Further, there was never a sale of the invention and the \$5,000 was an advance royalty payment. In the instant case, ACC paid Redox Technologies \$20,000 for an evaluation of the Technology and not as an advance royalty payment. Celanese Corporation also paid Redox Technology an undisclosed amount for the same purpose as in the ACC agreement. In both cases, the experimentation (or evaluation) of the Technology was not under the supervision of Applicant or any representative of Redox Technologies. See for example, Applicant’s statement on Page 8, last paragraph (Paper No. 11) states that “The extent of “experimental reproduction and/or evaluation of the “Technology” is the sole due diligence responsibility of ACC, the recipient of the REDOX Disclosure”. In the *Moleculon Research Corporation v. CBS, Inc.* case, the issue was whether an oral agreement prior to the critical date to

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assign all the right of the invention to Moleculon triggered an "on-sale" bar. Again, these are not the facts in this case. It is the Examiner's position that the Timely test, *Timely Products Corp. V. Aaron*, 523 F.2d 288 [188 USPQ 257] (2d Cir. 1975), should be applied in this case to ascertain whether an offer to sell or an on-sale bar exist. The U.S. Court of Appeals for the Federal Circuit in *Barmag Barmer Maschinenfabrik AG v. Murata Machinery, Ltd.*, 731 F.2d 831, 836 [221 USPQ 561, 564] (Fed Cir. 1984) set forth this test which determines "the existence of a bar [to patentability] where the offer to sell concerns articles which have not been produced at the time the purchase is solicited." The test requires: (1) the invention to be embodied in the devices offered for sale, (2) the invention to be reduced to practice and operable more than one year prior to the respective patent application, and, (3) the devices to have been on sale for profit, not for experimentation. An example of the application of the Timely test to Exhibit 6 follows:

Exhibit "B" (Declaration of John Kollar), Section 10, stated that the Redox's disclosure to Arco Chemical Company (ACC), Exhibit "6", "included documents which contained a description of the DiBP invention." This clearly meets the requirement of prong (1) of the *Timely* test. Further, the claimed invention was reduced to practice on July 27, 1979 as stated on Paper No. 3, filed April 24, 1996. See also Exhibits "B" and "2". This clearly meets the requirement of prong (2) of the *Timely* test. As to prong (3) of the *Timely* test, a determination as to whether the use was for experimental purpose by considering the totality of factors will follow. Applicant is correct in that Exhibit "6" is a confidential agreement between ACC and Redox Technologies. However, it is also a fact that the evaluation of the "Technology", which includes the claimed invention, by ACC was not under the supervision of Redox Technologies. Further, in Section 2 of Exhibit "6",

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states that REDOX personnel will be available for telephonic discussions of the "technology" with ACC personnel. Also REDOX personnel would provide follow-up visits to aid ACC in the evaluation of the "Technology". Furthermore, Applicant states on page 8, last paragraph, in his reponse of January 17, 1998 that "The extent of "experimental reproduction and/or evaluation of the "Technology" is the sole due diligence responsibility of ACC, the recipient of the REDOX Disclosure". This clearly indicates that the evaluation by ACC was not under the supervision of REDOX which is one of the factors when considering the argument of experimental use (whether persons other than the inventor performed the testing), see *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126, 134 (1877), and that the inventor was not in control of the invention during this period. Other factors in determining whether a use is experimental include the length of the test period, whether the inventor recieved payment for the testing, any agreement by the user to maintain the use confidential, the number of tests, and the length of the test in relation to the tests of similar devices. See also *TP Lab., Inc. v. Professional Positioners, Inc.* 724 F.2d at 971-72, 220 USPQ at 582 and *In re Brigrance*, 792 F.2d 1103, 1108, 229 USPQ 988, 991 (Fed. Cir. 1986). Therefore, considering the facts (in their totality) that; (a) Applicant was paid \$20,000 for the disclosure of the "Technology" to ACC; (b) that the evaluation period was 4 months in which thereafter ACC would notify REDOX their decision concerning the acquisition of the "Technology"; (c) that the Agreement was confidential; and (d) that Applicant was not in control of the invention during the evaluation period; the Examiner has to conclude that the "evaluation" was not experimental but rather commercial in nature. Thus, in applying the *Timely* test, the totality of evidence point to only one possible conclusion-- that Redox Technologies offer

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to sell the "Technology" to ACC before the critical date (December 5, 1994) even though it was done under conditions of secrecy. Note that conditions of secrecy is only relevant to the issue of public use. See *Hobbs v. United States, Atomic Energy Commision*, 171 USPQ 713 (CA 5, 1971).

In section (iii), Applicant argues that the issue of on-sale or offer to sell bar was reviewed during the prosecution of U.S. Application Serial No. 08/053,791 (now U.S. Pat. No. 5,321,157) in which Applicant is the inventor and is dispositive of Applicant's position in this case. The prosecution history of this case shows that counsel for Applicant argued that the agreements were made within 1 year of the filing date of the application and that they are not a bar under 35 U.S.C. § 102(b). Again, although the issue of on-sale or offer to sell was reviewed in the '157 patent the underline facts are not the same as in this case. Further, it is well settle that allowance of claims has no relevancy in considering patentability of claims in another application. *In re Young*, 36 CCPA 886, 173 F.2d 239, 662 O.G. 947, 81 USPQ 139 (1949).

In summary, the Examiner believe a *prima facie* case of sale or offer to sell bar with the meaning of 35 U.S.C. § 102(b) based on Exhibits 3 and 6 have been shown.


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For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,


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August 14, 1998

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